

A Sure Thing Even in Uncertain Times

By LAURINDA KEYS LONG

Failing banks, employee layoffs and a recessive economy are not enough to stop the growing U.S.-India business relationship. Confident that the future will bring still more growth and cooperation, the U.S.-India Business Council recently inaugurated its first permanent office in India, as did the New York City travel and tourism bureau. Pepsico has announced \$500 million for new investment in India. The U.S.-India civil nuclear agreement and NASA's cooperation on India's first moon mission have business people excited about the possibilities for further joint deals, trade, technology transfer and investment.

The U.S.-India Business Council (USIBC), the 33-year-old organization that has helped propel growth between the two countries, decided that September 24 was the right time to establish a permanent office in New Delhi. And in a practical as well as symbolic move that indicates top Indian and U.S. business leaders know where the future lies, the office is at Fulbright House, home of the 60-year-old, renamed U.S.-India Educational Foundation (USIEF).

"Just as USIBC is helping to strengthen the U.S.-India business relationship, USIEF is strengthening the relationship in the field of education. These objectives are mutually reinforcing, and with the co-location of these two great organizations, their ability to make a difference in India will be greatly enhanced," said U.S. Deputy Chief of Mission Steven J. White, as he shared the inaugural duties with Indra K. Nooyi, India-born head of Pepsico and chairman of the business council.

"Both the U.S. and India are mindful of the importance of partnership between business and education in advancing the interests and development of our countries," said White. "The USIBC office we are opening today is symbolic of the broad relationship America is forging with India today. We have no doubt that this co-location of USIBC and USIEF will contribute mightily to that relationship."

Nooyi was not only on hand to cut the ribbon and "institutionalize USIBC's commitment to a strengthened partnership with India" as she said. She reiterated that "Pepsico is a global company committed to India" and she led a U.S.-India Business Council



Above: Adam Grotzky, executive director of the U.S.-India Educational Foundation (from left), Steven J. White, U.S. deputy chief of mission, Indra K. Nooyi, chairman of USIBC, Laksmi Narayanan, chief executive officer of Cognizant, Ian Thomas, president of Boeing India and Ron Somers, president of USIBC, at the inauguration of USIBC's New Delhi office in September.

"Despite this backdrop of uncertainty, the Indian growth story continues to hold enormous potential for farsighted U.S. businesses, and also for millions of Indians, who see more and more opportunities every day to prosper, develop and advance."

—U.S. Deputy Chief of Mission Steven J. White
September 23, New Delhi

Left: Prime Minister Manmohan Singh and President George W. Bush in Washington, D.C. at the Summit on Financial Markets and the World Economy in November.

executive mission to explore ways to increase India's agricultural productivity and speed up the "farm to market supply chain."

The business council was formed in 1975 under the aegis of the U.S. Chamber of Commerce, the group says on its Web site, www.usibc.com. It is "the premier business advocacy organization representing 300 of the largest U.S. companies investing in India, joined by two dozen global Indian companies, whose mandate is to deepen trade and strengthen U.S.-India commercial ties."

The president of the business council is Ron Somers, who in 2004-2005 also served on the board of what is now the U.S.-India Educational Foundation. He said it was auspicious that the council was establishing its permanent presence in the Indian capital just as Prime Minister Manmohan Singh was arriving in Washington, D.C. to finalize the U.S.-India civil nuclear cooperation initiative. "The spirit of cooperation that will ensue will positively affect relations between the peoples of our countries for generations to come, and will help shape the economic destiny of the 21st century," said Somers.

The agreement reverses more than three decades of U.S. policy by permitting civil nuclear cooperation with India in return for international inspections of India's civilian reactors. Legislation passed by the U.S. Congress, with the support of both major parties, allows India to gain access to global trade in civil nuclear technology for the first time since it tested a nuclear device in 1974.

"The legislation will strengthen our global nuclear nonproliferation efforts, protect the environment, create jobs and assist India in meeting its growing energy needs in a responsible manner," President George W. Bush said, after the bill was passed in October.

"I can confirm, enthusiastically, that U.S. companies are interested, under the right conditions, in participating in and trading with India in the commercial nuclear energy industry," U.S. Ambassador David C. Mulford told the Confederation of Indian Industry in November. As satisfying and historic an accomplishment as the nuclear deal is, said the ambassador, "building a large, world class, civil nuclear industry in India will take time, capital, ingenuity, competitive technology, a sound regulatory architecture, private sector input and a true political commitment to excellence.

"Introducing a few more small reactors that produce power for an inefficient electric power system will not produce the results that India is seeking," he said. "India needs a public-private civilian nuclear strategy that establishes sound, transparent policies that lay the groundwork for large scale and competitive electricity production. I hope that India is the birthplace of a major international civil nuclear industry, but earning that place will be a major challenge."

The civil nuclear cooperation agreement, with the possibilities it opens up for technology transfer, infrastructure development, joint

U.S. Civil Nuclear Energy Facts

- The U.S. is the largest generator of electric power in the world, with 20 percent of that provided by nuclear energy.
- U.S. nuclear power generating capacity (100,582 megawatts) is number one in the world, at 27 percent of the total.
- The U.S. has the most nuclear reactors, 104, or 24 percent of the world's total.
- The U.S. produces nuclear energy at one-half to one-third of the cost in other major countries.
- Over the past 15 years, U.S. civil nuclear engineering companies have remained at the forefront of the industry globally, modernizing and upgrading the U.S. industry to keep it the most efficient and competitive in the world.

—U.S. Ambassador David C. Mulford
November 14, New Delhi

business opportunities and eventually lower fuel costs for India's businesses and consumers, is one of the silver linings inside the darker clouds of economic uncertainty and financial instability.

On Broadway, the theater district in New York City, there is an old saying that "the show must go on," no matter what happens. And that sentiment was reflected by Varun Tuli, group president for business banking at YES BANK, who was on hand to witness the inauguration of the new USIBC office at Fulbright House. "Yes, business will go on," he said. "There are many possibilities coming up."

Among them: The U.S. Commercial Nuclear Mission to India in early December; the Solar Energy Mission to India in late January and the Nashville Chamber of Commerce Mission to India from the state of Kentucky in late February.

Another symbolic and practical step in U.S.-India relations was taken in October, when New York City's tourist and travel promotion section opened its India office, in Mumbai. Some 150,000 Indians came to New York last year, said George Fertitta, CEO of NYC & Company, and the India office is meant to facilitate and encourage more of that in the future, particularly with promotions and contests for Indian travelers and travel agents on its Web site nycvisit.com. "We'll return and talk as much as we can about what a wonderful country this is, and we hope you will visit us and return and talk about our wonderful city," Fertitta said during a celebration in New Delhi.

Although tourism between America and India has declined by about 10 percent in the recent economic downturn, it's a stable business in the long run because of the 3.5 million people of Indian origin in the United States, says Subhash Goyal, chairman of STIC Travel Group. "These people need to travel, come what may," says Goyal. "If not once a year, then once in three or five years they have to come back to India, to visit friends and relatives, for family functions or other activities. The travel between India and the U.S. doesn't seem to be coming down, although the tourist flow has declined."

Also giving Goyal hope is that "when there is an economic crisis, people look to cost savings. Then they think of areas and places where you can do the same thing at lesser cost. This will result in more outsourcing of jobs to India." Another positive sign: There

For more information:

U.S.-India Business Council

<http://www.usibc.com/usibc/default>

Confederation of Indian Industry

http://www.ciionline.org/full_story.php?menu_id=79&news_id=1909

are so many infrastructure projects in the pipeline, says Goyal. “Fourteen airports are in the process of being upgraded, in the first phase; in secondary cities, about 50 airports need to be upgraded. That means that America, the world power in aviation, engines, X-ray machines, landing gear, has a lot of opportunity to trade with India.”

An additional development that has business people looking to the skies hopefully is the *Chandrayaan-1* lunar mission, a collaboration of Indian and American scientists aimed at

exploring the moon’s resources. Somers and more than 100 other high-powered U.S. industry representatives gathered in Washington, D.C. on October 21 in a darkened room to watch a live video feed of the historic launch. Said Somers, “This unique technology partnership in civil space exploration, which taps India’s highly skilled scientific expertise with American instrumentation furnished by Raytheon, beckons what we hope will be a long and mutually beneficial relationship promoting the opening of the frontier of space.”

